



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

DOGM
MINERALS PROGRAM
FILE COPY

March 1, 1989

Mr. Gerald D. Schurtz
Manager Environmental Engineering
Kennecott Explorations (Australia) Ltd.
P.O. Box 11248
Salt Lake City, Utah 84147

Dear Mr. Schurtz:

Re: Reclamation Contract (FORM MR-RC), Notice of Intention to Commence Large Mining Operations, Barney's Canyon Project, M/035/009, Salt Lake County, Utah

The Board of Oil, Gas and Mining approved the amount (\$2,700,000) and form (MR Form 5) of the reclamation surety during the executive session of the August 25, 1988 Board hearing. Final Division approval was granted for the Barney's Canyon Project with the following conditions:

1. No construction of the specific facilities requiring approval by the Utah Bureau of Water Pollution Control (BWPC) is permitted until that Bureau issues a construction permit for the project.

The Division requires at least one (1) copy of the final designs and monitoring plans (as approved by the BWPC) and the construction permit, prior to actual field construction of the facilities. Where possible, all approved final design plans and text should be formatted to allow direct insertion into the permit application on file with the Division.

2. Kennecott Explorations (Australia) Ltd. must provide the Division with a detailed decommissioning cost breakdown within one year after start up. The cost estimate will be based on the final decommissioning plan approved by the Bureau of Water Pollution Control (BWPC). The detailed estimate will be jointly reviewed by the Division and the BWPC. If, the current decommissioning estimate (\$125,000) differs significantly from the revised estimate, then the Division will require Kennecott Explorations to adjust the reclamation bond amount accordingly.
3. The Board requested that Kennecott complete a new reclamation contract form when the revised form became available from this Division. The older form (MR Form 5), as submitted, was to provide adequate coverage until the new forms became available.

Page 2
Mr. Gerald D. Schurtz
M/035/009
March 1, 1989

The revised Reclamation Contract, Form MR-RC is now complete and a copy is attached to this letter. Please have the appropriate company representative(s) process this form and return it to the Division by April 3, 1989. We will attach the current surety bond to this contract form when it is returned to our office.

The Division would also appreciate an update on the status of condition #1 in response to this letter. Thank you for your cooperation in completing this permitting activity. Please feel free to contact me should you have additional permitting questions or concerns.

Sincerely,

A handwritten signature in dark ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

D. Wayne Hedberg
Senior Reclamation Specialist/
Hydrologist

DWH/jb
Attachment
cc: R.J. Ramsey, Barney's Canyon Mine
Don Ostler, BWPC
Lowell Braxton
Minerals Team
MN3/49-50